

**MINUTES OF THE  
OVERSIGHT COMMITTEE OF THE  
LOCAL GOVERNMENT PROPERTY INSURANCE FUND**

Friday, November 15, 2002

PRESENT: EILEEN MALLOW  
PHIL KRESS  
DAN BUBOLZ  
KEVIN HOULIHAN  
VINCE MARCHETTI  
DENNIS TWEEDALE  
DAVE MARCHANT

BY TELEPHONE: FRED HARING  
APRIL ZELINSKI  
GREG GRUNOW  
CARRIE BEDNAREK

ABSENT: JANE KOVACIK  
PETER MEDLEY

Eileen Mallow called the meeting to order at 9:00 a.m.

Upon a motion made by Vince Marchetti and seconded by Kevin Houlihan, it was unanimously

RESOLVED, that the Agenda is revised to include Review and Approval of Minutes from the August 29, 2002 Oversight Committee meeting.

Upon a motion made by Vince Marchetti and seconded by Kevin Houlihan, it was unanimously

RESOLVED, that the minutes of the Oversight Committee meeting of August 29, 2002 are approved as presented.

Dave Marchant reviewed the Fund's Financial Position as of June 30, 2002. He noted that the annual statement has been completed by Strohm Ballweg, LLP, and has been filed with the Bureau of Financial Analysis and Examinations of the Office of the Commissioner of Insurance. The GAAP basis financial statements have been filed with the Department of Administration.

At Kevin Houlihan's request, Dan Bubolz led a discussion regarding the most recent Advisory Committee meeting held on October 22, 2002. Copies of the draft minutes from that meeting were provided.

Dan Bubolz advised that the Reinsurance Bid is proceeding. A vendor conference was held on October 29, 2002. The vendors submitted twenty-four questions, and as a result, the deadline to submit a bid was extended to December 3, 2002. The Evaluation Committee will meet on December 11, 2002 to review the submissions. An allegation that the proposal may have been released to one vendor early was investigated by OCI and does not appear to have merit. If this remains an issue, there is a procurement complaint process that can be implemented.

ASU reviewed Administrative Activity.

April Zelinski reported that although the frequency of claims has declined, the severity has increased significantly due to the Labor Day 2002 tornadoes in northwestern Wisconsin. Reserves for these losses continue to be appropriate based on more recent loss adjustment estimates. Significant subrogation recovery potential exists. Greg Grunow estimates the potential to be around \$3.6 million.

Dave Marchant observed that open losses still being handled by GAB have decreased to only 22 at this time.

Dennis Tweedale advised that although insurance in force has increased by 56%, annual written premiums have increased by only 53%, and policy counts are only up by 9%, over the prior year.

Based on information presented by ASU at the Advisory Committee meeting in October, Dan noted that our market penetration is very good with the Fund insuring entity types as follows:

<u>Entity Type</u>	<u>Percent Insured by Fund</u>
City	85.7%
County	100.0%
School	73.7%
Town	20.8%
Village	66.0%

Kevin Houlihan summarized an issue regarding Non-Owned Property. The issue was brought forth by an Advisory Committee member who felt that the Advisory Committee's action on this topic at the October 22, 2002 meeting was improper.

It was agreed that the action was not improper for several reasons, all of which Kevin Houlihan will discuss with the Advisory Committee member.

Dan Bubolz advised that he will be meeting on November 26, 2002 with American Appraisal and an Advisory Committee member to discuss variances between values reflected on this member's statement of values form, and values derived via an independently commissioned on-site appraisal. Issues regarding customer service and response will also be addressed.

Dan Bubolz reported on Rate Increase and Policy Activity. The January and February 2003 renewal letters and packets have been mailed. Notices to remaining policyholders will be sent out *en masse* by next week. The number of calls received has not been as great as expected. Rate forms have been received and will be filed today. Effective dates were filed as follows:

- November 1, 2002 for all new business including policy cancellations/rewrites; and
- January 1, 2003 for all renewal business

It was noted that ISO Rates will not be available until December for the January renewals, and any increase in ISO rates was not included in the estimates being sent to policyholders. Phil Kress advised that the "rate" cannot exceed that which was used to give a good faith estimate of premiums for renewal.

Upon a motion made by Phil Kress and seconded by Vince Marchetti, it was unanimously

RESOLVED, that effective with the January 1, 2003 renewals, the Fund will use the most current ISO rate available at the time a renewal packet is prepared and sent to a policyholder.

It was also agreed that policyholders who have not completed a renewal in 2002 will not be provided with their estimated 2003 increases until ISO rates for those policyholders have been brought up to date.

Eileen Mallow advised that she had shared Performance and Survey Results with the Commissioner, who was very pleased with outcomes.

Eileen Mallow advised that it would not be necessary to move into a closed session.

Eileen Mallow reported that a meeting will be held next week to discuss a claim against the Fund with potential damages of \$400,000 involving Lambeau Field.

Dan Bubolz advised that the Marathon County claim continues in litigation with the parties analyzing both damages and coverage.

No additional items were discussed.

The next meeting for Oversight Committee is scheduled for April 30, 2003.

The meeting adjourned at 10:25 a.m.

Minutes submitted by:

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April Zelinski

Date

ATTEST:

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Dan Bubolz

Date